



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 12/24/1998

GAIN Report #MX8159

Mexico

Agricultural Situation

Mexico's Highlights & Hot Bites, Dec/4 1998

Approved by:

James Butterworth

U.S. Embassy, Mexico City

Drafted by:

Benjamin Juarez & Salvador Trejo

Report Highlights:

Water rising in Mexico

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1], MX

Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

MEXICO'S AG SECRETARY REJECTS CALL FOR NAFTA SUSPENSION

Mexico's Secretary of Agriculture, Mr. Romarico Arroyo Marroqui, rejected several Mexican farm organizations' recent call for a three-year temporary suspension of NAFTA. He pointed out that NAFTA does not allow changes to the process of phasing-out import duties. Also, Mr. Arroyo said that the lack of agricultural investment and supports for Mexican growers is not due to NAFTA. He clarified that Mexican corn growers as well as cotton growers, for example, receive higher subsidies than their U.S. counterparts. (Source: El Financiero, 12/18/98)

MEXICAN COTTON GROWERS CONTINUE TO COMPLAIN

Local Mexico City newspapers report that cotton growers in "La Laguna" region (located between Durango and Coahuila) continue to hold in storage approximately 85,000 bales of cotton while they await buyers. Demand is weak because textile maquiladoras have built up inventories U.S. cotton, which is cheaper than Mexican cotton, that will last through the end of the year. The growers complain that the U.S. cotton program, which they characterize as an export subsidy program, makes U.S. cotton cheaper than Mexican cotton. The growers also complained that the Government of Mexico has not fulfilled its promises to provide supports to market domestic cotton producers. As a result, cotton farmers warned that the planted area in "La Laguna" region could reduce from 19,000 Has. in 1998 to just 8,000 Has. in 1999 (Source: Excelsior, 12/22/98)

MEXICAN AVOCADO EXPORTS TO THE U.S. ON TARGET

According to local newspapers, SAGAR (the Secretariat of Agriculture, Livestock and Rural Development) indicated that Mexican exporters expect to export 12,000 MT of avocado to the U.S. during the November-February 1998/99 season. This quantity is double that exported last year. These exports are valued at approximately US\$18.0 million. (Source: El Economista, El Universal; 12/21/98). [FAS/Mexico Note: It should be noted that this forecast is consistent with this office's estimate contained in MX8140. End Note]

U.S. FIRM INVESTING IN MEXICAN WOOD PRODUCTS PRODUCER

Local Mexico City newspapers report that Universal Forest Products announced that one of its wholly-owned subsidiaries has acquired a 45 percent interest in Pino Exporta of Durango, Mexico. In connection with the transaction which closed Friday, December 18, 1998, the company has been renamed Pinelli Universal. Pino Exporta is Mexico's largest lumber re-manufacturer with approximately US\$25 million in 1998 sales. From its facility in Durango, Pino Exporta manufactures solid and finger jointed moldings, molding blanks, and cut stock for sale in the United States. Cut stock is used by molding distributors, window manufacturers, and door manufacturers. The company currently exports approximately 90 percent of its production to the United States and Canada. (SOURCE: The News 12/22/98)

MEXICO TO KEEP ON TRUCKING

Mexico City news media reports that, Roadway Express has recently been invited to join the National Chamber of Truckers (Camara Nacional del Autotransporte de Carga - CANACAR). Roadway is the first less-than-truckload (LTL) motor carrier to become a member of the Mexican trucking association. According to the article, Roadway's membership in CANACAR is a testimony to its success in the Mexican trucking market. (SOURCE: The News 12/22/98).

A SWEET DEAL IS NOT SO SWEET AFTER ALL

According to local news reports, Pasteleria Francesa, S.A., owner of the largest upscale bakeries in Mexico, slashed investment plans for coming year because of concern that consumer spending will slow down along with the economy. The company has decided not to build a new manufacturing plant in the city of Monterrey and will open just 26 new stores next year, 20 fewer than originally planned, and will cut capital spending to 101 million pesos (US\$10.35 million) from 189 million pesos originally. (SOURCE: The News 12/22/98)

MEXICAN BREAD ON A ROLL

Mexico City press reports state that Mexico's Grupo Industrial Bimbo, the world's third largest bread maker, said last week that sales in Peru surged 70 percent in the past eight weeks as the company pushed into the countryside and stepped up promotional campaigns. The company now holds 41 percent of Peru's packaged bread market, which has expanded 50 percent since Bimbo arrived in the country. (SOURCE: The News 12/18/98)

COLD COFFEE NOT AN ISSUE

According to local news reports, coffee prices dropped as much as 1.5 percent, its second straight drop, as concern eased that frost will damage crops in Mexico, the biggest supplier to the United States, the world's biggest consumer. No freezing temperatures are expected in Mexico's northern coffee producing region in the next few days. Concern over frost damage boosted prices more than 5 percent in New York early last week. (SOURCE: The News 12/18/98)

BOTTLED WATER PRICES RISING IN MEXICO

Mexico City news media reports that, Mexican producers of purified bottled water plan to increase their prices by between 10 and 25 percent starting next year. A spokesperson for the National Association of Producer and Distributor of Purified Water stated that about 3,000 bottling companies will increase prices partially because of higher gasoline prices since these companies depend heavily on truck transportation. The exact percentage of the increase will depend on the outcome of congressional negotiations over further spending cuts or tax increases as part of next year's federal budget. (SOURCE: The News 12/18/98)

RECENT REPORTS SENT BY FAS/MEXICO		
Report#	Title	Date Sent
MX8154	Mexican Weekly Highlights and Hot Bites, Dec/3	12/17/98
MX8156	Update on Dry Bean Crop	12/18/98

FIND US ON THE NET

We are available at <http://www.atomexico.gob.mx> or visit our headquarter's home page at <http://www.fas.usda.gov> for a complete selection of FAS' worldwide agricultural reporting.

FAS/MEXICO EMAIL

To reach us at FAS/Mexico City, email us at AgMexico@fas.usda.gov, ATO Mexico@fas.usda.gov, or agrnl@nld.bravo.net for the FAS/Mexico office in Nuevo Laredo.

USEFUL MEXICAN WEB SITES

Mexico's equivalent of the Department of Agriculture (SAGAR) can be found at www.sagar.gob.mx and Mexico's equivalent of the Department of Commerce (SECOFI) can be found at www.secofi.gob.mx. These web sites are mentioned for the readers' convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with the information contained on the mentioned sites.